

SCIENCE BASED TARGETS INITIATIVE

NET-ZERO

Net-Zero Standard Launch Event





WELCOME & HOUSEKEEPING

- This event is being recorded.
- We will send all registrants a copy of the presentation and the recording.
- Please ask your questions for the panel section in the Q&A box.





AGENDA

- 1 Welcome
- Opening UN High-level Climate Action Champion Nigel Topping
- Panel Conversation on Net-Zero with business, science, and civil society
- Introduction to the Net-Zero Standard Presentation by SBTi Team
- Net-Zero in Practice A Case Study from Ørsted (Session 1) and JLL (Session 2)
- 6 Wrap-up and Call to Action

Opening – Session 1





OLWEN SMITH

Regional Lead, UK & Worldwide, Call to Action Science Based Targets initiative



NIGEL TOPPING

UN High-Level Climate Action Champion

Opening – Session 2





PAOLA DELGADO LUNA

Head of Engagement

Science Based Targets initiative



NIGEL TOPPING

UN High-Level Climate Action Champion



PANEL - Session 1





PATRICK
FRICK
Lead Facilitator
Global Commons Alliance



MIKIKO KAINUMA Senior Research Advisor Institute for Global Environmental Strategies



MICHAEL HUGMAN Director, Climate Finance Children's Investment Fund Foundation (CIFF)



NARAYAN
P S
Global Head, Sustainability
and Social Initiatives
Wipro Ltd



NICOLAS
CLERGET
Global Sustainable
Development Manager
The HEINEKEN Company

PANEL - Session 2





PATRICK
FRICK
Lead Facilitator
Global Commons Alliance



EMILY
HICKSON

Head of Advocacy and
Climate Lead
The B Team



MICHAEL HUGMAN Director, Climate Finance Children's Investment Fund Foundation (CIFF)



DOREEN
STABINSKY
Professor of Global
Environmental Politics
College of the Atlantic



NOORA
SINGH
Global Director of
Sustainability
PepsiCo



KAROL GOBCZYNSKI Head of Climate & Energy Ingka Group | IKEA



SCIENCE BASED TARGETS INITIATIVE

NET-ZERO

Net-Zero Standard Launch Event

Presentation – Session 1





ALBERTO CARRILLO PINEDA

Managing Director & Co-Founder

Science Based Targets initiative



EMMA WATSON



MCKENNA SMITH

Target Validation Manager

Science Based Targets initiative

Presentation – Session 2





CYNTHIA CUMMIS

Technical Director & Co-Founder

Science Based Targets initiative



EMMA WATSON

Net-Zero Senior Manager

Science Based Targets initiative



PAULINA TARRANT

Net-Zero Engagement Manager

Science Based Targets initiative



ANDRES CHANG

Research Manager

Science Based Targets initiative





AGENDA

- Introduction to science-based targets
- Why has the SBTi developed a Net-Zero Standard?
- How has the SBTi developed the Net-Zero Standard?
- What is a science-based net-zero target?
- Acknowledgements and appreciation
- 6 Call to action



INTRODUCTION TO THE SBTi

What is the Science Based Targets initiative?



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Science Based Targets initiative (SBTi) is a **global body** enabling businesses to set **ambitious emissions reductions** targets in line with the **latest climate science**.

Founding Partners









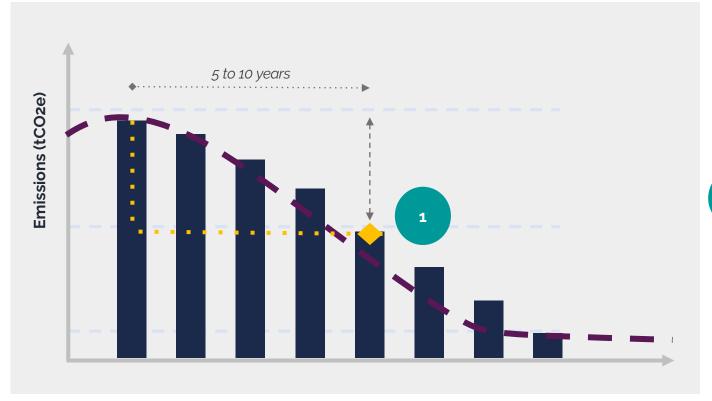
In collaboration with



INTRODUCTION TO THE SBTi

What are science-based targets?





Science-based emission reduction target (SBTs)

Emissions pathway aligned to a Paris temperature goal

Science-based targets help companies determine **how much** and **how fast** they need to reduce GHG emissions to align with efforts to limit warming to **1.5°C**.

INTRODUCTION TO THE SBTi

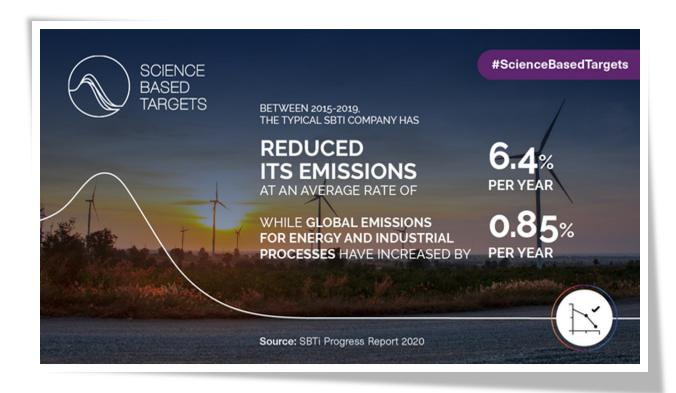
Progress to date





INTRODUCTION TO THE SBTI

PROGRESS TO DATE



Companies with science-based targets are delivering emissions reductions at scale.

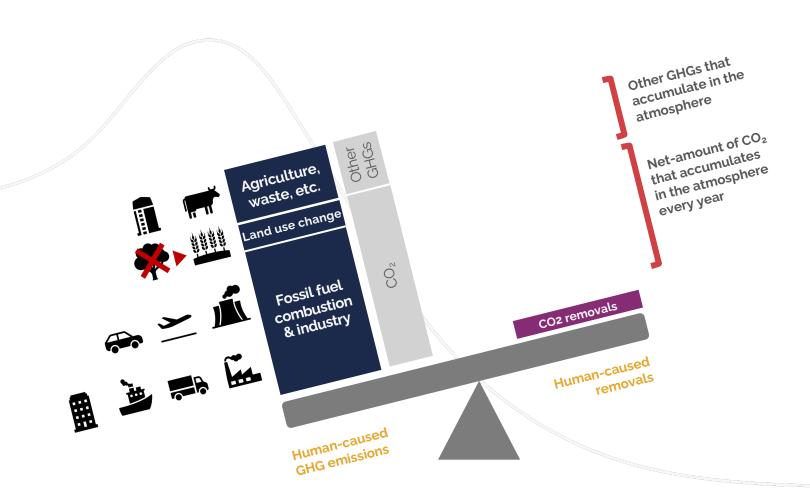
- Companies with science-based targets reduced emissions by 25% between 2015-2020, compared with an increase of 3.4% in global emissions from energy and industrial processes.
- ► The typical company with SBTs reduced direct (scope 1 and 2) emissions at a linear annual rate of 6.4%. This exceeds the rate required by the SBTi's criteria to meet 1.5°C scenarios (4.2%).

Source: SBTi Progress Report 2020.



What does net-zero mean?

Understanding net-zero at the global level

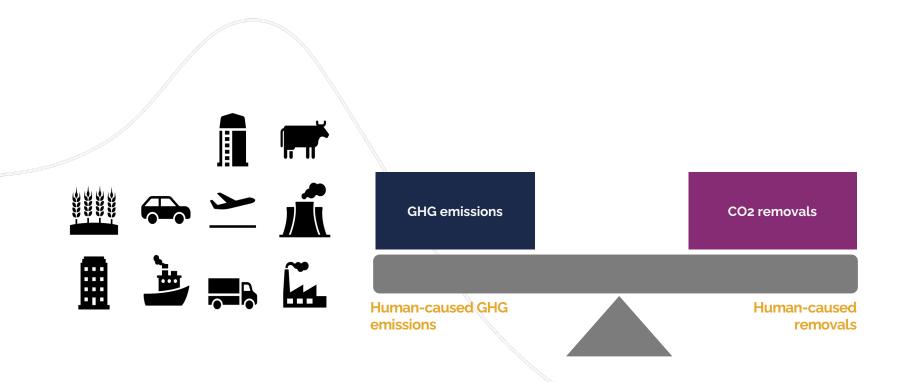


The <u>imbalance</u> between the amount of greenhouse gases (GHGs) released into the atmosphere by humans and the amount of carbon absorbed by natural sinks, results in a net accumulation of GHGs in the atmosphere.

Accumulation of GHGs in the atmosphere is the main driver of anthropogenic climate change.

What does net-zero mean?

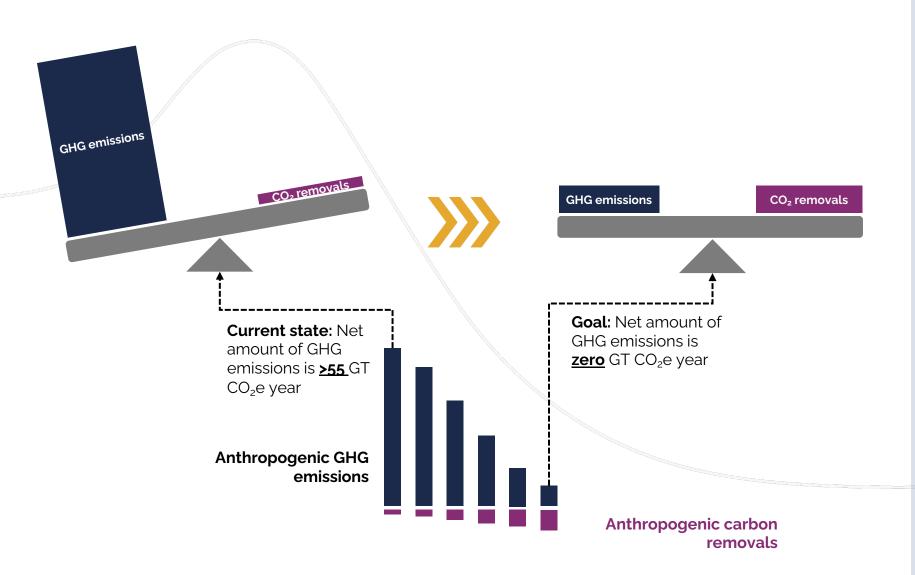
Understanding net-zero at the global level



To halt global warming, we need to reach a balance between anthropogenic emissions sources and removals. A state known as net-zero emissions.

What does net-zero mean?

Understanding net-zero at the global level



To limit global warming to 1.5°C, we must reach netzero carbon emissions **no** later than 2050.

Why has the SBTi developed a Net-Zero Standard?

The science behind aiming for 1.5°C

		1.5°C	2.0°C	2°C impacts
	Global population exposed to severe heat at least once very 5 years	14%	37%	<u>2.6x</u> worse
	Number of ice- free artic summers	At least 1 every 100 years	At least 1 every 10 years	10x worse
A THE STATE OF THE	Further decline in coral reefs	70-90%	99%	Up to <u>29%</u> worse
	Decline in marine fisheries	1.5M tonnes	3M tonnes	<u>2x</u> worse

Despite understanding the **severity** of climate change impacts, current policies put us on track for **between 2.7–3.1°C**.

Why has the SBTi developed a Net-Zero Standard?



Since the release of the IPCC Special Report on 1.5°C, there has been rapid growth in the adoption of net-zero pledges.

Net-zero coverage



1 in 3 of the largest listed companies in G20 countries now have net-zero targets, up from 1 in 5 last year

Growth in UNFCCC Race to Zero campaign

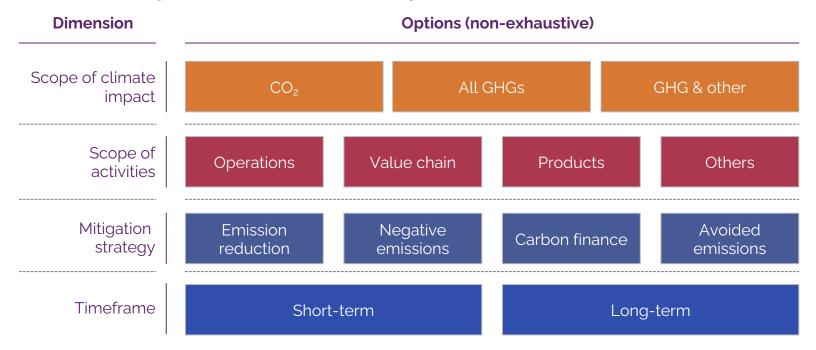


Source: ECIU, October, 2021

Source: Race to Zero, Sep, 2021

Why has the SBTi developed a Net-Zero Standard?

Net-zero targets differ across four key dimensions:



Corporate net-zero targets can play a critical role in addressing the climate emergency, but the lack of a robust benchmark has triggered scepticism around net-zero as a concept.

Common criticisms include:

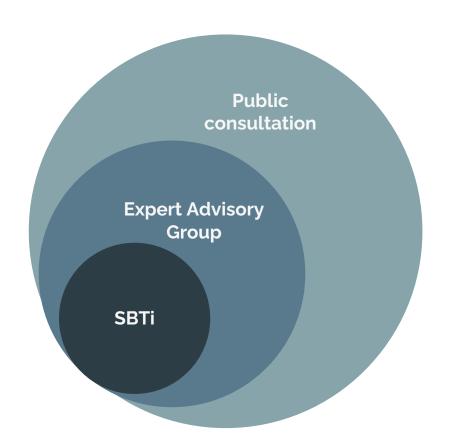
- Incomplete boundary:
 Selective inclusion of
 emission sources in
 corporate net-zero targets
- Delayed action: Lack of. interim milestones for long-term targets.
- Mitigation deterrence:

 Focus on offsetting instead of on reducing emissions.
- Poor accountability: Lack of scrutiny and accountability on voluntary commitments.



Net-Zero Standard: Robust process built on best practice





- Following a robust and transparent stakeholder process building upon the ISEAL Standard-Setting Code of Good Practice and the GHG Protocol standard setting process.
- Consulting a balanced and diverse Expert Advisory Group (EAG) that provided direction to develop criteria.
 - The SBTi aimed to build consensus with the EAG.
 - If consensus was not reached, the SBTi made a final decision considering the different perspectives.
- Engaging regularly with the SBTi Technical and Scientific Advisory Groups to consult on technical aspects, including scenarios to determine residual emissions and target setting methods.

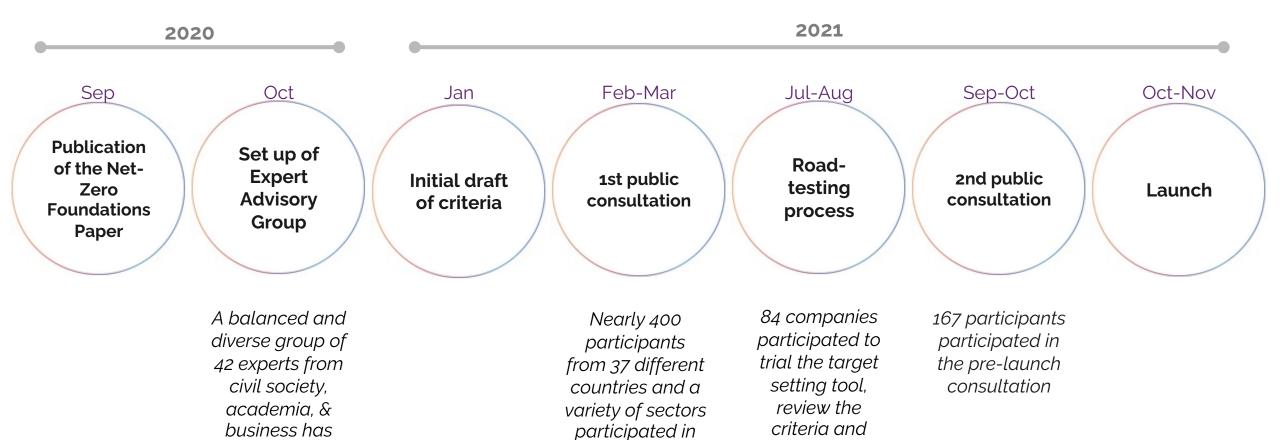
Net-Zero Standard: thorough, transparent, and inclusive

guided the

development of

the standard





the first public

consultation

guidance, and provide

feedback

Four key resources for companies to set net-zero targets



Getting Started Guide

A simple, step-by-step guide that allows companies to understand how to set net-zero targets.



SBTi Corporate Net-Zero Standard

Provides criteria, guidance and recommendations to support corporates in setting net-zero targets.



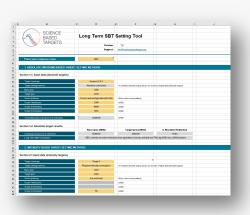
SBTi Corporate Net-Zero Criteria

The criteria companies' net-zero targets must meet to be approved by the SBTi.



Net-Zero Tool

Target-setting tool to calculate long-term SBTs in line with the Net-Zero Standard.*



* In a future update, the Net-Zero Tool and current SBTi target-setting tool for near-term SBTs will be combined.

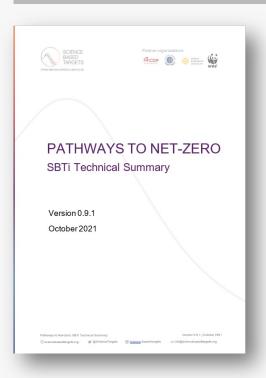
Two key resources explain the Net-Zero Standard technical details

Net-Zero Foundations paper



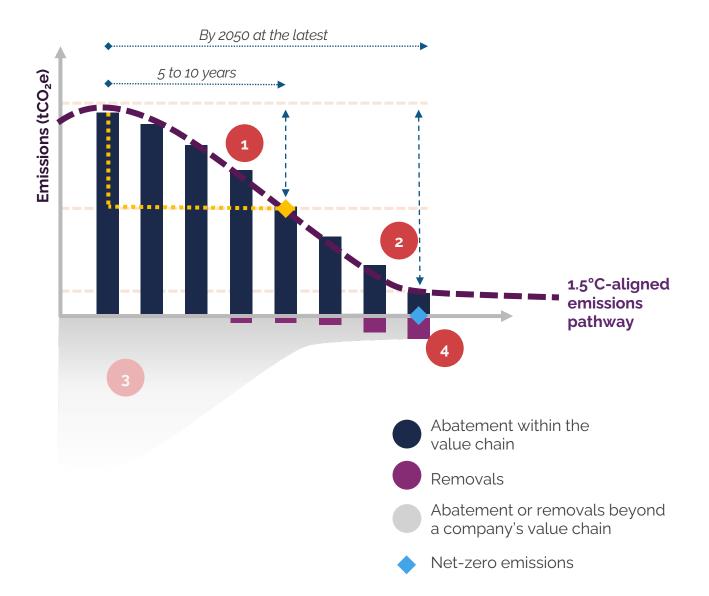
This paper lays out the conceptual foundations for credible, science-based net-zero targets for the corporate sector.

Pathways to Net-Zero

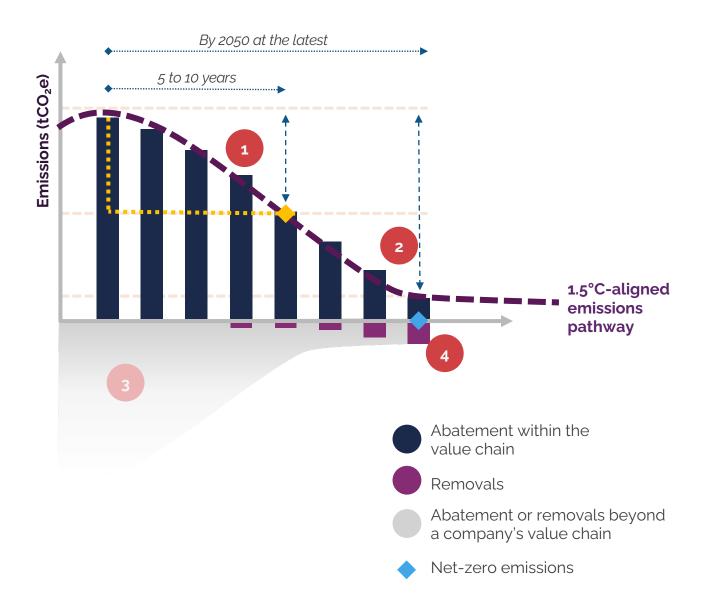


Produced in collaboration with more than a dozen pioneering academics, IPCC lead authors and mitigation experts, this technical summary provides an overview of how the SBTi selects mitigation pathways to steer action.





To set near-term science-based targets: 5-10 year emission reduction targets in line with 1.5°C pathways



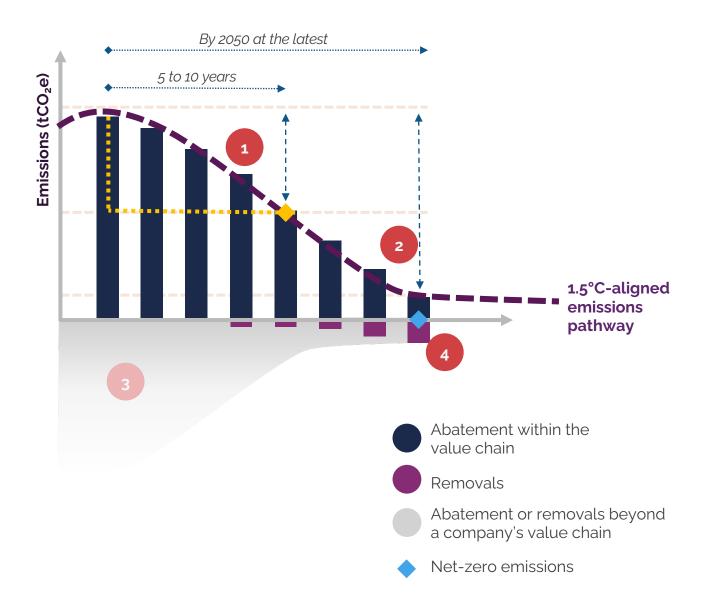
- To set near-term science-based targets:
 5-10 year emission reduction targets in line with 1.5°C pathways
- To set long-term science-based targets:

 Target to reduce emissions to a residual level in line with 1.5°C scenarios by no later than 2050

Most companies will be required to reduce emissions by 90% or more before reaching net-zero.







- To set near-term science-based targets:
 5-10 year emission reduction targets in line with 1.5°C pathways
- To set long-term science-based targets:

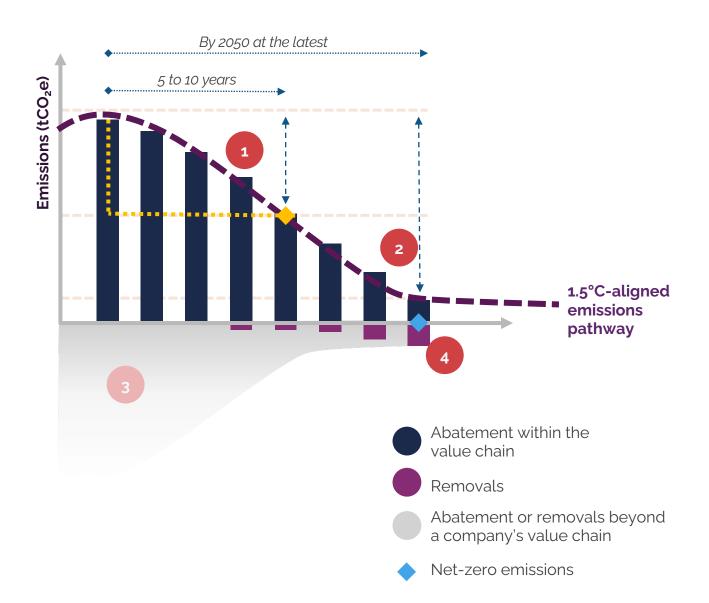
 Target to reduce emissions to a residual level in line with 1.5°C scenarios by no later than 2050

Beyond value chain mitigation:

In the transformation to net-zero, companies should take action to mitigate emissions beyond their value chains. For example, purchasing high-quality, jurisdictional REDD+ credits or investing in direct air capture (DAC) and geologic storage







- To set near-term science-based targets:
 5-10 year emission reduction targets in line with 1.5°C pathways
- To set long-term science-based targets:
 Target to reduce emissions to a residual level in line with
 1.5°C scenarios by no later than 2050

Beyond value chain mitigation:

In the transition to net-zero, companies should take action to mitigate emissions beyond their value chains. For example, purchasing high-quality, jurisdictional REDD+ credits or investing in direct air capture (DAC) and geologic storage

Neutralization of residual emissions:

GHGs released into the atmosphere when the company has achieved their long-term SBT must be counterbalanced through the permanent removal and storage of carbon from the atmosphere





Four considerations for setting near-and long-term SBTs



Boundary

How much coverage or your emissions inventory is required?

Scope 1+2: 95%

Scope 3: If >40% of total emissions, **67**%

coverage



Ambition

What is the ambition level in terms of limiting temperature rise?

Scope 1+2: **1.5°C**

Scope 3: Well-below

2°C



Timeframe

What is the maximum timeframe to meet your targets?

5-10 years



Methods

What are the eligible methods to set your targets?

- 1. Absolute contraction
- 2. Physical intensity convergence
- 3. Renewable electricity
- 4. Supplier or customer engagement*
- 5. Economic intensity*
- 6. Physical intensity contraction*



Near-term

based target

science-

Scope 1+2: **95**%

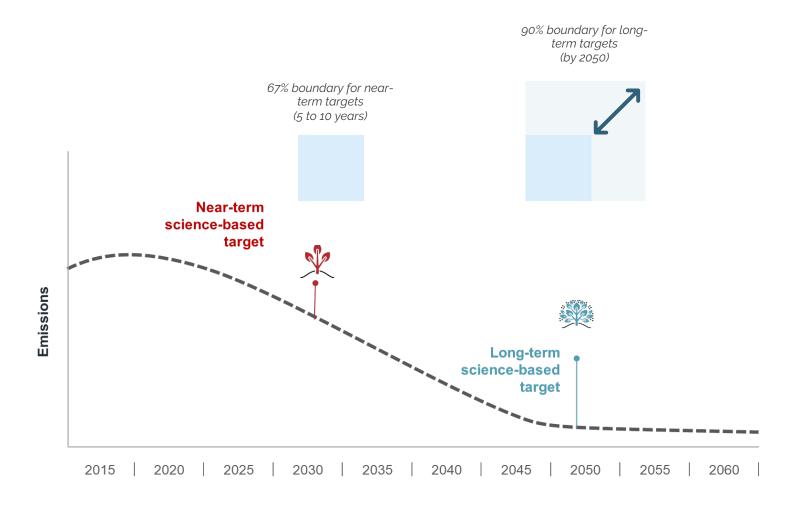
Scope 3: 90%

Scope 1+2+3: **1.5°C**

2050 latest

- 1. Absolute contraction
- 2. Physical intensity convergence
- 3. Renewable electricity
- 4. Economic intensity*
- 5. Physical intensity contraction*

Acknowledging challenges with Scope 3, the Standard is following an expansive boundary approach



A comprehensive target boundary is necessary for companies to make credible net-zero claims. However, acknowledging the challenges with Scope 3 data, the Net-Zero Standard is following an expansive boundary approach.

This gradual increase in ambition:

- Provides opportunities to collaborate across the whole value chain to support suppliers and customers to decarbonize
- Allows companies to focus now on making steep cuts in their most material emissions
- Affords time to work through the complexity of scope 3

To follow on from the Net-Zero Standard, the SBTi has planned three projects to tackle challenges related to net-zero



Beyond Value Chain Mitigation

It is vital companies have clarity on how to take credible mitigation actions beyond their value chain. The SBTi is exploring models to incentivize this in a credible and robust way.



Net-Zero Value Chains

The SBTi recognizes the challenges around scope 3 and is planning to further develop scope 3 target setting methods and explore other approaches to drive net-zero value chain alignment.



Measurement, Reporting & Verification

The SBTi will develop an MRV framework to ensure transparency and accountability around the progress and achievement of science-based emission reduction and net-zero targets.



Acknowledgements & appreciation from the SBTi







As part of the Net-Zero Standard development process, the SBTi engaged over 800 stakeholders





84 companies took part in the road test, providing crucial feedback on guidance, methods and tools

SCIENCE BASED TARGETS

WayCarbon

WSP Global Inc.

Wipro Ltd

Worley

- ab inbev
- A.P. Moller-Maersk
- ABOUT YOU AG & Co. KG
- ACCIONA Energía
- ACCIONA S.A
- AstraZeneca
- Baluarte Cultura
- Bayer AG
- Bloomberg LP
- BMW Group
- Bonava
- Boston Consulting Group
- Capgemini SE
- CBA
- CBRE
- Colgate Palmolive Company
- Co-op
- CVS Health
- Danone
- Dentsu International
- Deutsche Telekom AG
- DSM

- easyJet
- EDF Group
- EDP Energias de Portugal
- Elopak
- Emira Property Fund
- Enel S.p.A.
- Ferrovial
- FLSmidth A/S
- Givaudan
- Globant
- Guidehouse
- HEINEKEN
- · Holcim Ltd.
- Informa
- International Consolidated Airlines Group (IAG)
- Jacobs
- JLL
- Kesko Corporation
- Lenovo
- Magyar Telekom Plc.
- Mahindra Lifespace Developers Limited
- Mars

- McCain Foods
- Moody's
- Multiplex Construction Europe
- Ørsted
- Outokumpu Oy
- PepsiCo
- Pfizer Inc.
- Pilgrim's UK
- Ralph Lauren Corporation
- Rolls-Royce plc
- Slaughter and May
- Sodexo
- Sopra Steria Group
- Starbucks
- Swire Properties Limited
- Swiss Re
- Telenor ASA
- Transurban
- Tubacex
- Unilever
- Veritas Technologies
- Volkswagen

The SBTi would like to thank these companies for their support!

And finally, we would like to thank and congratulate the seven companies that have had their net-zero targets approved!

















The SBTi will officially begin validating net-zero targets in January 2022



NET-ZERO



COMPLETENESS

Covers all material sources of emissions across the value chain of a company



TIMEFRAME

Aims to reach netzero within a timeframe that is consistent with limiting warming to 1.5°C



AMBITION

Leads to decarbonisation consistent with limiting warming to 1.5°C in line with robust climate scenarios



EARLY ACTION

Leads to action in the short-term through the adoption of nearterm emission reduction targets

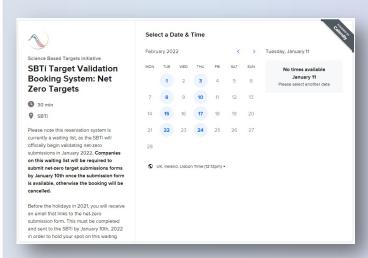


ACCOUNTABILITY

Target will be subject to a robust and independent accountability framework

NET ZERO TARGET VALIDATION

The net-zero <u>validation</u>
<u>booking system</u> opens *today!*When you are ready, book
your slot*.



*To support our operating costs, the fee for the target validation service is USD 9,500 (+ applicable VAT) or USD 1,000 (+ applicable VAT) for SMEs.

We are urgently calling on all

companies to set science-

based net-zero targets.

600+ companies have already committed to net-zero through the Business Ambition for 1.5°C Campaign.

You can **commit now** by signing the SBTi <u>commitment letter</u>*.



SCIENCE

BASED





WRAP UP

- Find relevant Net-Zero Standard materials
 on the <u>SBTi Net-Zero webpage</u>
- More webinars on the technical detail to come in coming months
- Companies can commit to setting net-zero targets aligned with science via our <u>commitment letter</u>
- The net-zero <u>validation booking system</u> is now open!



Net-Zero in Practice: Ørsted





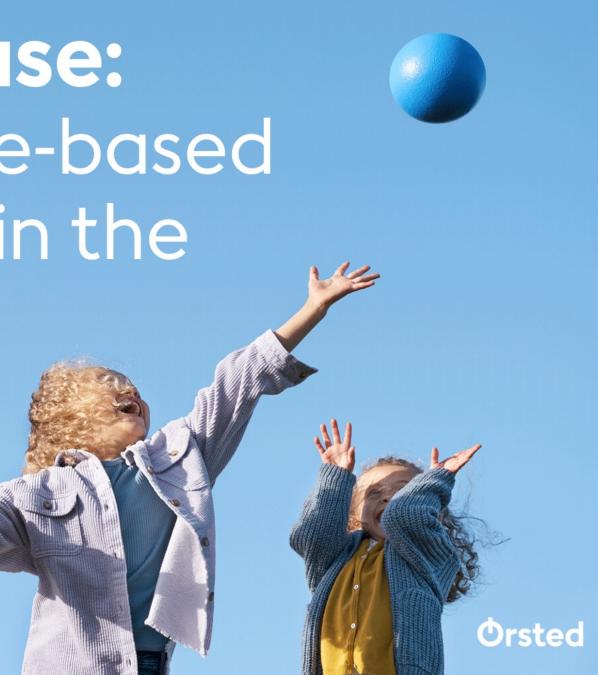
JAKOB ASKOU BØSS Senior Vice President Ørsted

The Ørsted case:
Setting a science-based net-zero target in the energy sector

SBTi Global Net-Zero Standard Launch

28 October 2021

Jakob Askou Bøss Senior Vice President







Global market leader in offshore wind

 Develops, constructs, owns, build and operates offshore wind farms



Onshore

- Onshore wind farms
- Solar PV and energy storage



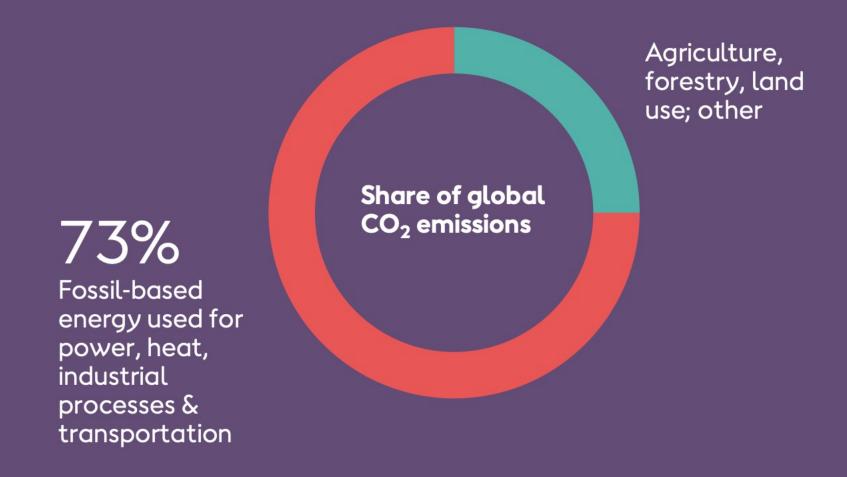
Markets & Bioenergy

- · Power and heat
- Energy products for customers

Headquarter: Number of employees: EBITDA 2020:

Denmark 6,200 USD 2.9bn

The world needs a transformation of global energy systems



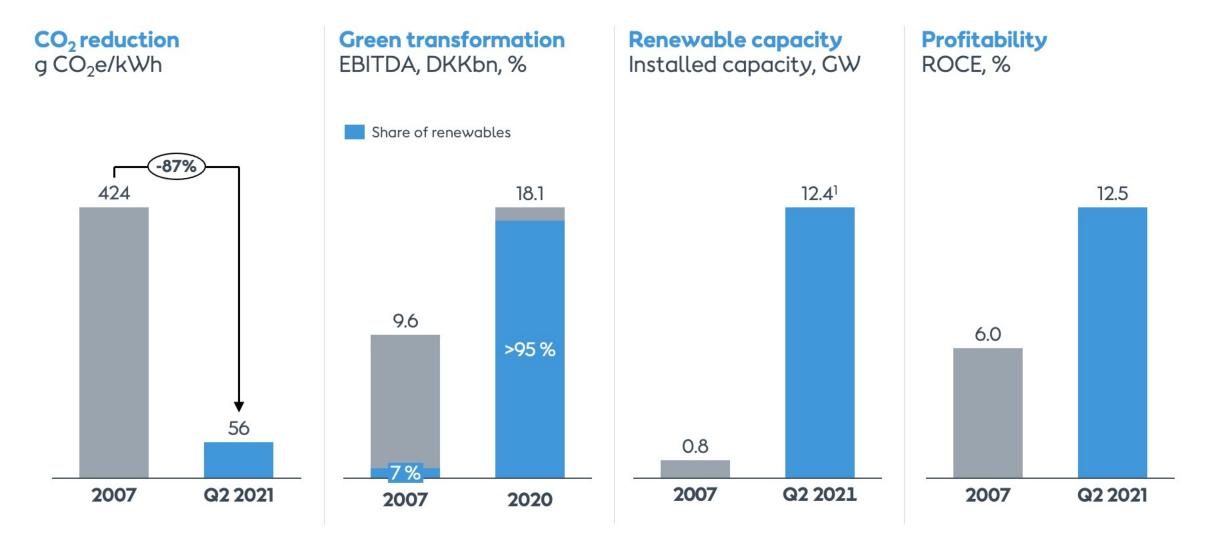


Our vision Let's create a world that runs entirely on green energy



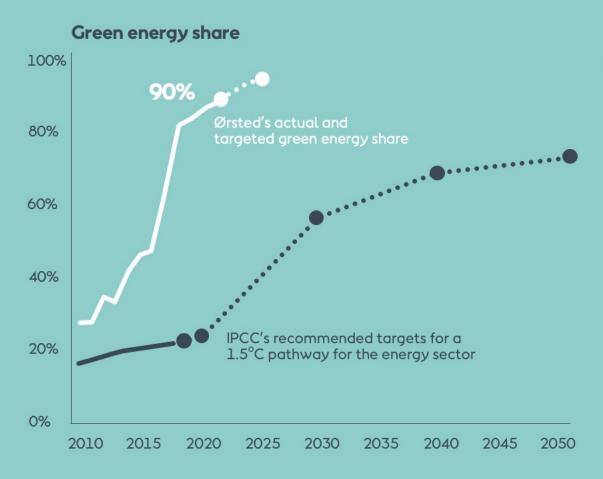


Our story is one of transformation



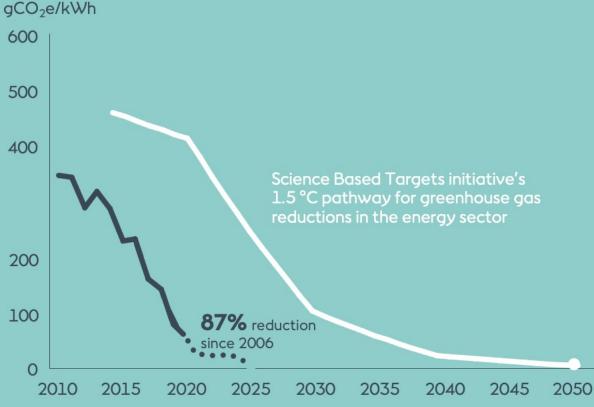


From a fossil-fuels to green energy



By 2025, we target 99%.

Carbon intensity of energy generation

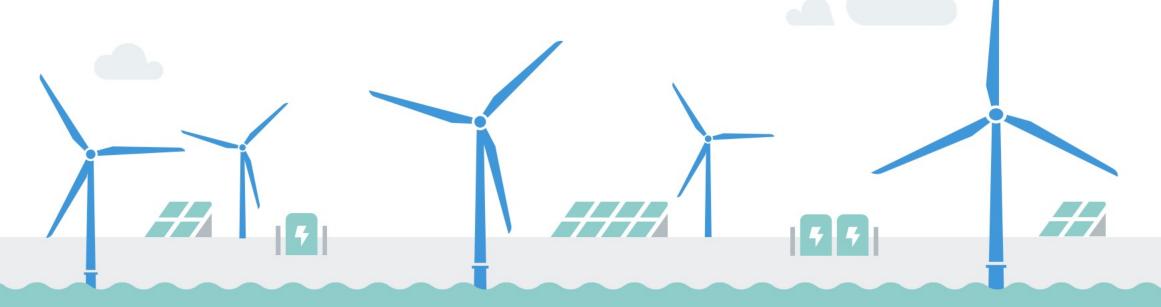


By 2025, we target >98%.



Orsted

We already have near-term science-based targets to continue our transformation



2025

98% carbon reduction

Reducing Scope 1 and 2 GHG emissions by 98% per kWh by 2025 from a 2006 base year

> Direct emissions from power and heat generation

2032

50% carbon reduction

Reducing absolute Scope 3 GHG emissions by 50% by 2032 from a 2018 base year

Indirect emissions from our supply chain, construction contractors, energy trading activities, and administration

Now our 2040 net-zero target is science-based with long-term emissions reduction targets





2025 98% GHG reduction per KWh produced (Scope 1 and 2)



2032 50% absolute GHG reduction (Scope 3)



90% reduction in absolute Scope 3 emissions from use of sold products (compared to 2018)



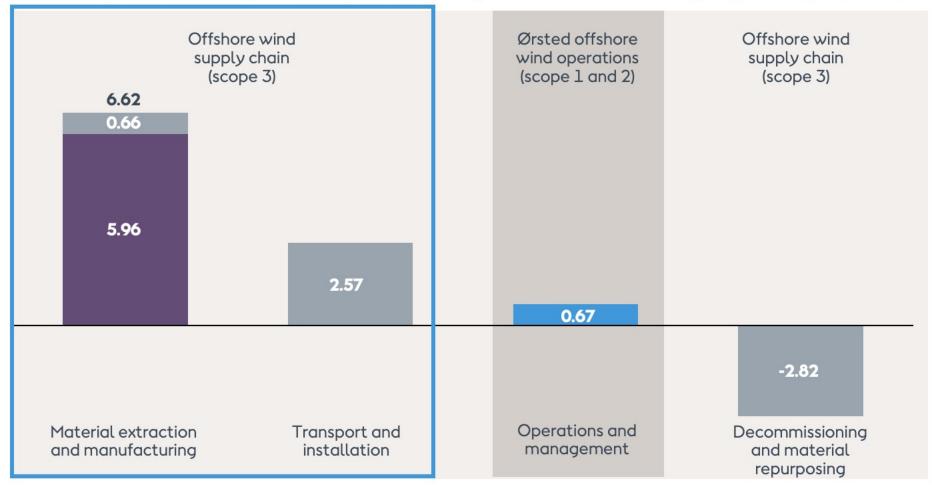
99% reduction in Scope 1-3 from entire renewable energy portfolio* to 2.9 gCO2e / kWh, including limiting Scope 1-2 GHG emissions to 1 gCO2e / kWh (compared to 2018)

Ørsted will neutralize any limited residual emissions by 2040 through certified carbon removal projects



Decarbonising the supply chain is the next frontier to reach netzero by 2040

Emissions across the lifecycle of an Ørsted average offshore wind farm (gCO_2e/kWh produced)



Suppliers beyond tier 1

Ørsted

Tier 1 suppliers



Supplier engagement is key



Disclose their own emissions and set science-based carbon-reduction targets



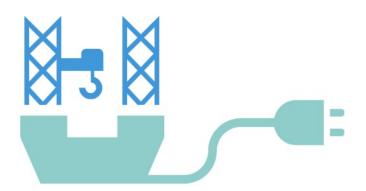


Use 100% renewable electricity in the manufacturing of wind turbines, foundations, cables, substations, and components





Optimise their vessel fleet and develop roadmap to power vessels with renewable energy





We also need transformative action to decarbonise steel



We are working on this challenge through key initiatives

- > Collaboration with steel manufacturers
- Creating long term demand signals through industry initiative, SteelZero, where we are founding member
- Hydrogen partnerships with steel producers creating a circular approach; wind power for green hydrogen for green steel



Corporate climate targets must be backed by science

The science – and the urgency – are clear: to keep a 1.5°C future within reach, we need rapid and deep emission cuts to achieve net-zero.

Net-zero targets that prioritise reductions and cap offsets help build the credibility and reputation of corporate climate action.

Ørsted encourages all companies to align climate strategies with the SBTi Global Net-Zero Standard





Thank you



Net-Zero in Practice: JLL





RICHARD BATTEN Chief Sustainability Officer JLL



Transition to net-zero

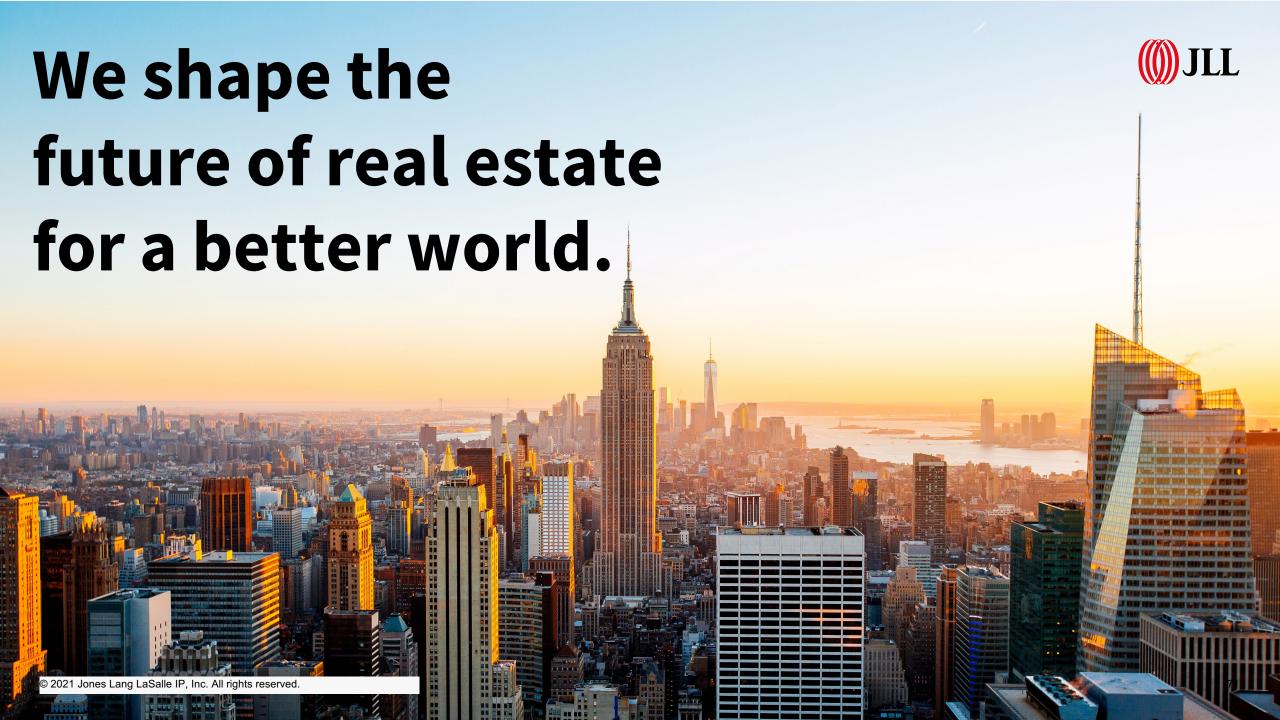
October 28, 2021



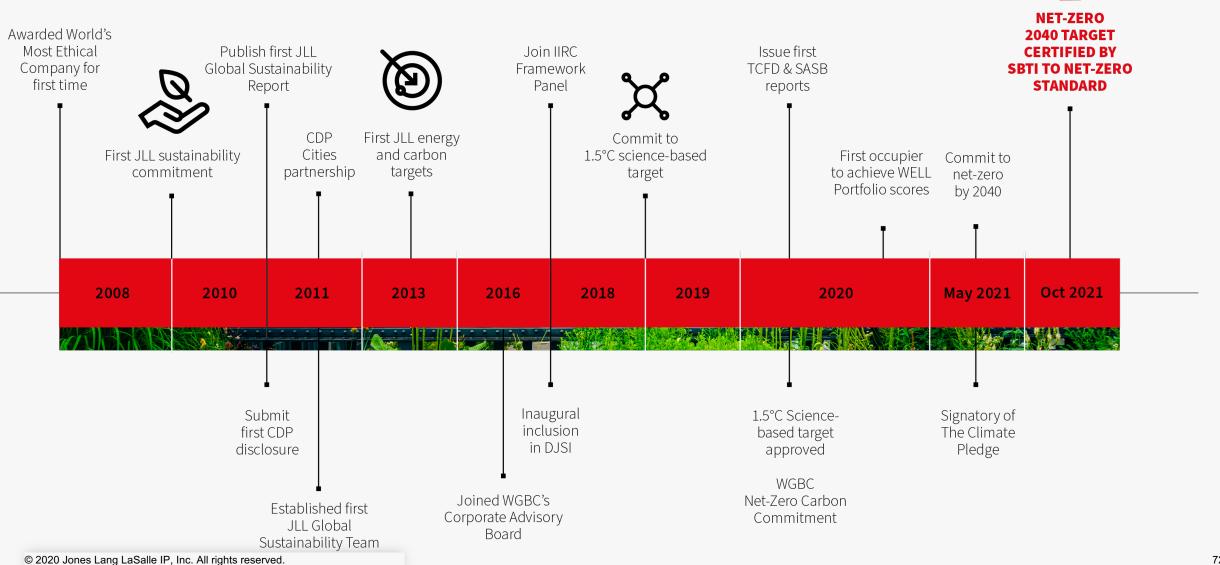
Agenda

- About JLL
- Our sustainability strategy
- Our progress
- Our journey to net-zero
- How we will achieve our science-based target
- Our headline actions





Our progress



Our journey to net-zero



JLL commits to reduce absolute scope 1,2 and 3 emissions by 51% by 2030 and 95% by 2040 from a 2018 base year

96.4% – 17,547,735 mt Client emissions

2.2% – 409,397 mt Supply chain

0.6% - 100,451 mtEmployee Commuting and Homeworking

0.4% - 76,740 mtBusiness travel
and hotel use

0.2% – 31,164 mtVehicle fleet

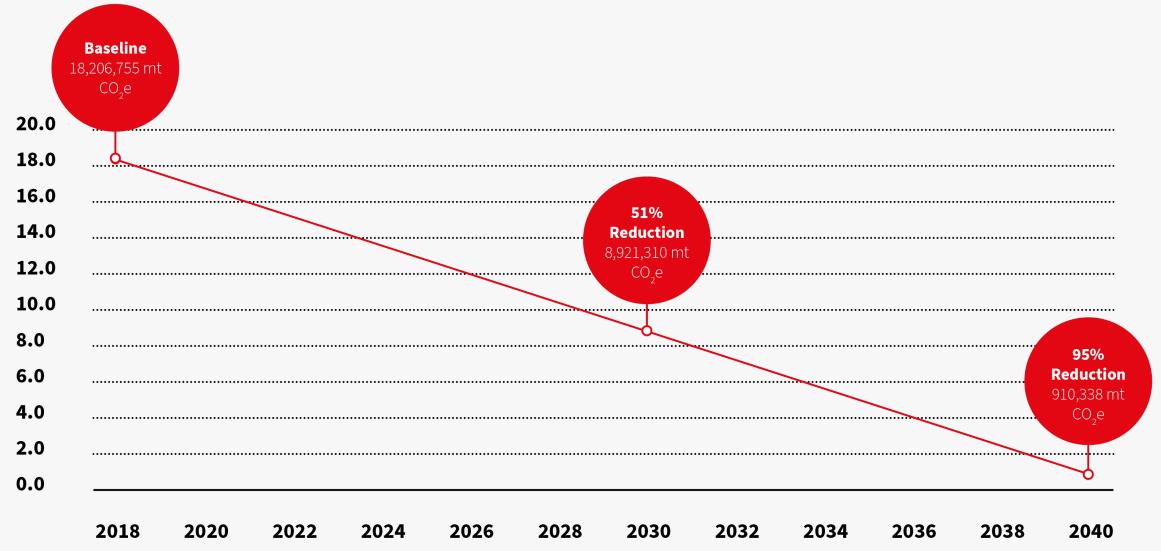
0.2% – 30,614 mtOffice space

0.1% – 10,654 mtOther emissions



How we will achieve our science-based target





Our headline actions

(M) JLI

Activity





Vehicles



Emissions Scope

2018 baseline emissions mt CO₂e

Office space

1, 2, 3

30,614 31,164

Clients

3

17,547,735

Reduction activities

- Improve energy efficiency in offices we already occupy
- Take on highly efficient office space and enhance with fitout specifications
- Move offices onto renewable energy, or purchase RECs if unavailable

- Significant vehicle fleets in US and EMEA due to our mobile engineering service
- Anticipate 100%
 EV across our global vehicle fleet by 2032
- Help clients to set strategies and drive energy efficiency in their buildings
- Increase the uptake of renewable energy they are consuming
- Make significant investments in technology solutions to deliver these services

Our headline actions

Activity









Business travel & hotel use

Supply chain

Employee Other commuting & emissions homeworking

Emissions Scope

3

100,451

2018 baseline emissions mt CO₂e

76,740

3

409,397

- Strengthen collaboration with suppliers to set shared targets and **KPIs**
 - through Ensure data centres used are supplied with renewable energy emission wherever possible
- Incentivize use of public transit
- Reductions will also occur increased use of renewable energy and low vehicles
- 10,654

3

Implementation of new procedures should see these decrease with any residuals addressed through high quality offsets

Reduction activities

- Eliminate unnecessary travel
- Invest in technology solutions to support flexible working
- Where travel is unavoidable, direct employees to use less impactful transport

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